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9
10 UNITED STATES DISTRICT COURT
11 NORTHERN DISTRICT OF CALIFORNIA
12 SAN FRANCISCO DIVISION

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14 RESEARCH IN MOTION LIMITED,

15 Plaintiff,

16 v.

17 VISTO CORPORATION,

18 Defendant.

19
20 AND RELATED COUNTERCLAIMS

Case No. C-07-3177 (MMC)

**[PROPOSED] ORDER GRANTING RIM'S
MOTION FOR LEAVE TO AMEND ITS
REPLY AND COUNTER-
COUNTERCLAIM**

Date: March 7, 2008

Time: 9:00 a.m.

Courtroom: Courtroom 7, 19th Floor

Judge: Honorable Maxine M. Chesney

1 Before the Court is Research In Motion Limited's and Research In Motion Corporation's
2 (collectively "RIM's") Motion for Leave to File a First Amended Reply and Counter-Counterclaim.
3 Having considered the parties' pleadings, the relevant legal authority, and the parties' arguments at
4 the hearing on this matter, and good cause appearing, the Court HEREBY GRANTS the motion and
5 GRANTS RIM leave to file an amended pleading.

6 **I. FACTUAL AND PROCEDURAL BACKGROUND**

7 RIM brought this action against Visto on June 15, 2007. (Docket No. 1.) Visto filed its
8 answer on July 9, 2007. (Docket No. 6.) Visto then moved for leave to amend its answer to add
9 counterclaims for infringement of two patents on August 29, 2007 ("Visto Patents"). (Docket No.
10 13.) RIM stipulated to this amendment, and the Court entered Visto's amended answer and
11 counterclaim on September 18, 2007. (Docket No. 18.) RIM filed its reply and counter-
12 counterclaim asserting affirmative defenses and declaratory judgment counts of non-infringement
13 and invalidity relating to Visto's patents on September 14, 2007. (Docket No. 24.)

14 The Court held a case management conference on September 28, 2007. (Docket No. 20.)
15 Thereafter, the Court issued a Scheduling Order on October 9, 2007, setting a deadline for
16 amendment of pleadings by January 29, 2008. (Docket No. 22.)

17 Discovery in this case is still preliminary. The parties have exchanged and responded to
18 written discovery. The parties are still working on a proposed protective order for the Court to enter.
19 No documents have been produced in response to discovery requests. No depositions have been
20 noticed or taken.

21 On January 8 and 9, 2008, RIM filed requests for reexamination of all claims in the Visto
22 Patents.

23 On January 29, 2008, RIM filed a motion for leave to amend its reply and counter-
24 counterclaim. RIM's amended reply adds three affirmative defenses: governmental immunity for
25 accused acts taken on behalf of the United States under 28 U.S.C. § 1498, intervening rights under
26 35 U.S.C. §§ 252 and 307, and unenforceability based on inequitable conduct during prosecution.
27 RIM's amended counter-counterclaim seeks a declaration that Visto's patents are unenforceable
28 based on inequitable conduct.

1 **II. LEGAL STANDARDS**

2 Rule 15(a) provides that “leave [to amend] shall be freely given when justice so requires.”
 3 Fed. R. Civ. P. 15(a). The Ninth Circuit holds that “Rule 15’s policy of favoring amendments to
 4 pleadings should be applied with extreme liberality.” *United States v. Webb*, 655 F.2d 977, 979 (9th
 5 Cir. 1981).¹ The Supreme Court stated that “[i]n the absence of any apparent or declared reason-
 6 such as undue delay, bad faith or dilatory motive on the part of the movant, repeated failure to cure
 7 deficiencies by amendments previously allowed, undue prejudice to the opposing party by virtue of
 8 allowance of the amendment, futility of amendment, etc.-the leave sought should, as the rules
 9 require, be ‘freely given.’” *Foman v. Davis*, 371 U.S. 178, 182 (1962); *see also Eminence Capital,*
 10 *LLC v. Aspeon, Inc.*, 316 F.3d 1048, 1052 (9th Cir. 2003) (same). As such, in deciding whether
 11 leave to amend is in the interests of justice, a district court should consider “bad faith, undue delay,
 12 prejudice to the opposing party, futility of the amendment, and whether the party has previously
 13 amended his pleadings.” *Caswell v. Calderon*, 363 F.3d 832, 837 (9th Cir. 2004). Application of
 14 the *Foman* factors shows that leave to amend should be granted for RIM to file its amended reply.

15 **III. ANALYSIS**

16 **1. The Amendment Is Not Futile**

17 RIM’s amendment is not futile. *See Miller v. Rykoff-Sexton, Inc.*, 845 F.2d 209, 214 (9th Cir.
 18 1988). The affirmative defense of governmental immunity is well-pled as Visto’s preliminary
 19 infringement contentions accuse all of RIM’s products since 2001 of infringement, and accused
 20 actions taken on behalf of the United States are governed by 28 U.S.C. § 1498. Likewise, the
 21 affirmative defense of intervening rights is well-pled to the extent that RIM’s reexamination requests
 22 are well-founded and the surviving claims of Visto’s patents are dissimilar to the original claims.
 23 *See* 35 U.S.C. §§ 252 and 307. Finally, the affirmative defense and counter-counterclaim for
 24 unenforceability of the Visto patents due to inequitable conduct during prosecution is pled with
 25 specificity based on discovery in Texas matter between the parties.

26 **1** The Federal Circuit looks to the law of the regional circuit in reviewing an order denying leave
 27 to amend. *See Kalman v. Berlyn Corp.*, 914 F.2d 1473, 1480 (Fed. Cir. 1990).

1 **2. The Amendment Is Brought Early In The Case -- Not In Bad Faith Or After
2 Undue Delay**

3 This motion for leave to amend is brought early in the case and within the deadline set by the
4 Court's Scheduling Order. As stated above, the parties have exchanged written discovery, but have
5 not exchanged any documents pursuant to discovery requests or noticed any depositions. And, the
6 parties have not even submitted a protective order for the Court's consideration.

7 The amendment was brought in a timely and expeditious manner. The affirmative defenses
8 did not arise until after RIM received Visto's preliminary infringement contentions and filed
9 requests with the Patent Office seeking reexamination of Visto's Patents. Finally, the inequitable
10 conduct defense and allegation is based in large part on discovery from the Texas matter between the
11 parties that has not been produced in this case.

12 **3. This Is The First Amendment To RIM's Reply**

13 RIM has not previously amended its reply. There are no "repeated failure to cure
14 deficiencies by amendments previously allowed" justifying denial of leave to amend. *Foman*, 371
15 U.S. at 182. This will be the first amendment and, as stated above, it is not futile or brought to delay
16 the case.

17 **4. Visto Will Not Be Prejudiced By The Amendment**

18 Because of the timing of the amendment and its nature, Visto will not be prejudiced by the
19 amendment. RIM's amendment is brought early in the case and Visto will have the opportunity to
20 fully explore the additional defenses and allegations through discovery. Further, RIM's defenses
21 and allegations do not add entirely new issues to the case but are defenses and a compulsory claim
22 relating to Visto's asserted patents.

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1 **IV. CONCLUSION**

2 IT IS HEREBY ORDERED THAT RIM's Motion for Leave to File a First Amended Reply
3 and Counter-Counterclaim is GRANTED.

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5 Dated: _____

6 _____
7 The Honorable Maxine M. Chesney
8 United States District Judge

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2 DATED: January 29, 2008

KIRKLAND & ELLIS LLP

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By: _____ /s/ .

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Robert G. Krupka, P.C.

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Marc H. Cohen

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Philip T. Chen

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Attorneys for
RESEARCH IN MOTION LIMITED and
RESEARCH IN MOTION CORPORATION

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CERTIFICATE OF SERVICE

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 777 S. Figueroa Street, 37th Floor, Los Angeles, California 90017.

On January 29, 2008, I caused a copy of the following document(s) described as:

**[PROPOSED] ORDER GRANTING RIM'S MOTION FOR LEAVE TO AMEND ITS
REPLY AND COUNTER-COUNTERCLAIM**

to be served on the interested parties in this action as follows:

[VIA ELECTRONIC MAIL] I caused said document[s] to be sent by electronic mail to the email address(es) indicated for the party(ies) listed below:

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[FEDERAL] I declare that I am employed in the office of a member of the bar of this court at whose direction this service was made.

Executed January 29, 2008, at Los Angeles, California.

/s/ Sean O. Christofferson

Sean O. Christofferson